

PERAC

COMMONWEALTH OF MASSACHUSETTS | PUBLIC EMPLOYEE RETIREMENT ADMINISTRATION COMMISSION

PHILIP Y. BROWN, ESQ., *Chairman*

JOSEPH E. CONNARTON, *Executive Director*

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MEMORANDUM

TO: Chelsea Retirement Board

FROM: Joseph E. Connarton, Executive Director

RE: Approval of Funding Schedule

DATE: October 23, 2017

This Commission is hereby furnishing you with approval of the revised funding schedule you recently adopted (copy enclosed). The schedule assumes payments are made, on average, on August 1 of each fiscal year. The schedule is effective in FY18 (since the amount under the prior schedule was maintained in FY18) and is acceptable under Chapter 32.

The revised schedule reflects a reduction in the investment return assumption from 7.50% to 7.35%.

If you have any questions, please contact PERAC's Actuary, Jim Lamenzo, at (617) 666-4446, extension 921.

Enc.



Chelsea Retirement System
January 1, 2017 Actuarial Valuation

Total cost increasing 5.7% until FY27 with a final payment in FY28

Fiscal Year	Normal Cost	Net 3(8)(c)	Amort. of UAL	Amort. of 2002 ERI	Amort. of 2003 ERI	Total Cost	Unfunded Act. Liab.	% Total Cost Increases
2018	3,392,089	200,000	7,938,499	40,413	7,999	11,579,000	81,781,600	
2019	3,544,733	200,000	8,445,498	40,413	8,359	12,239,003	79,268,954	5.70%
2020	3,704,246	200,000	9,023,645		8,735	12,936,626	76,030,179	5.70%
2021	3,870,937	200,000	9,593,949		9,128	13,674,014	71,979,084	5.70%
2022	4,045,129	200,000	10,198,765		9,539	14,453,433	67,021,189	5.70%
2023	4,227,160	200,000	10,840,150		9,968	15,277,278	61,052,995	5.70%
2024	4,417,382	200,000	11,520,284		10,417	16,148,083	53,961,196	5.70%
2025	4,616,164	200,000	12,241,474		10,886	17,068,524	45,621,835	5.70%
2026	4,823,891	200,000	13,006,163		11,376	18,041,430	35,899,381	5.70%
2027	5,040,966	200,000	13,816,937		11,888	19,069,791	24,645,732	5.70%
2028	5,267,810	200,000	11,768,256		12,423	17,236,065	11,699,138	-9.62%
2029	5,504,861	209,000				5,713,861	0	-66.85%

Appropriation payments assumed to be made August 1 of each fiscal year

Normal cost assumed to increase 4.5% per year

Assumed expenses of \$650,000

FY18 amount maintained at level of prior funding schedule